



ASX Announcement

20 August 2019

Creso Pharma Receives PharmaCielo's Very First Commercial CBD Export From Colombia to Europe

Investment Highlights:

- Creso Pharma has received PharmaCielo's very first commercial CBD export of high quality CBD isolate from Colombia to Europe
- PharmaCielo executed the inaugural overseas commercial delivery weeks after securing the first commercial exporting permit from Colombian government
- PharmaCielo's commercial CBD export from Colombia to the Swiss headquarters of Creso Pharma demonstrates the significant synergies between the two companies

Creso Pharma Limited (ASX:CPH) ("Creso Pharma") is pleased to announce that it has received PharmaCielo Ltd.'s (TSXV:PCLO) ("PharmaCielo") very first commercial CBD export from Colombia, demonstrating significant synergies between the two companies. PharmaCielo, which recently announced its intention to seek the relevant approvals to acquire Creso Pharma, is the Canadian parent of Colombia's premier cultivator and producer of medicinal-grade cannabis oil, PharmaCielo Colombia Holdings S.A.S.

Implementation of the proposed acquisition will combine two complementary cannabis companies to create a well-capitalised, publicly traded company with a strong growth profile and significant strategic advantages.

The acquisition will be conducted through a scheme of arrangement between Creso Pharma and its shareholders ("Share Scheme") and a separate concurrent scheme of arrangement between Creso Pharma and the holders of listed options ("Option Scheme"). The Board of Creso Pharma has unanimously recommended the schemes, in the absence of a superior proposal and subject to an Independent Expert concluding that the Share Scheme is in the best interests of Creso Pharma shareholders and the Option Scheme is in the best interests of Creso Pharma listed option holders. Further details on the acquisition are outlined in Creso Pharma's ASX announcement dated 7 June 2019.

As the proposed acquisition continues to advance, PharmaCielo has successfully completed the first commercial export of CBD isolate to the Swiss headquarters of Creso Pharma. The inaugural shipment included high quality CBD isolate, a key ingredient in various cannabis derived therapeutic, nutraceutical, topicals and lifestyle products.



PharmaCielo is fully licenced producer of medicinal cannabis oil products in Colombia for domestic use and export and is the largest cannabis producer in Colombia. The overseas commercial delivery to Creso Pharma comes just weeks after PharmaCielo secured the first commercial CBD isolate exporting permit from the Colombian government, announced on 25 July 2019.

The collaboration between PharmaCielo and Creso Pharma also spans beyond the current and future supply of cannabis isolate and oil extracts. PharmaCielo recently announced a multi-country sales agreement with Uruguay-based Laboratorios Adler in which it will supply PharmaCielo produced CBD oils and isolate to Adler for distribution in Uruguay, Paraguay, Bolivia and Southern Brazil. Following completion of the acquisition of Creso Pharma, PharmaCielo intends to expand the range of products supplied under this agreement to include Creso Pharma's veterinarian CBD complementary feed range of products.

PharmaCielo Chief Executive Officer David Attard said: "This inaugural shipment is symbolic on many levels. PharmaCielo is the first medicinal cannabis company to commercially export cannabis derived isolates from Colombia to Switzerland - the global capital of the pharma industry. Particularly pleasing is the fact that the first batch we ever exported went to Creso Pharma, our trusted partner soon to be part of our company.

PharmaCielo's ability to successfully navigate the complex exporting process gives us a tremendous advantage in the market, as required for continuing exports from Colombia of cannabis derived extracts and crystals. It also demonstrates the synergies between PharmaCielo and Creso Pharma that will be realized and augmented once the acquisition closes."

Creso Pharma Co-Founder and Chief Executive Officer Dr. Miri Halperin Wernli said: "PharmaCielo's CBD isolate meets high purity standards, a critical element that aligns with our commitment to develop and produce high quality cannabis- and hemp-based therapeutic and nutraceutical products for humans and animals. PharmaCielo's unparalleled cultivation of proprietary varieties, when combined with recently expanded production capabilities, produces high quality isolate and oil extracts in an unmatched, and winning, offering.

Today's announcement again affirms the compelling business rationale to combine both PharmaCielo and Creso Pharma's operations, creating a vertically integrated supply chain and fully exploiting the strengths and advantages of each corporation and jurisdiction. We look forward to continuing to update our shareholders as the proposed acquisition progresses."

Ends.

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About Creso Pharma

Creso Pharma brings the best of cannabis to better the lives of people and animals. It brings pharmaceutical expertise and methodological rigor to the cannabis world and strives for the highest quality in its products. It develops cannabis and hemp derived therapeutic, nutraceutical, and lifestyle products with wide patient and consumer reach for human and animal health. Creso uses GMP development and manufacturing standards for its products as a reference of quality excellence with initial product registrations in Switzerland. It has worldwide rights for a number of unique and proprietary innovative delivery technologies which enhance the bioavailability and absorption of cannabinoids.

To learn more, please visit: www.cresopharma.com

About PharmaCielo

PharmaCielo Ltd. is a global company privately held and headquartered in Canada, with a focus on processing and supplying all natural, medicinal-grade cannabis oil extracts and related products to large channel distributors. PharmaCielo's principal (and wholly owned) subsidiary is PharmaCielo Colombia Holdings S.A.S., headquartered at its nursery and propagation centre located in Rionegro, Colombia.

The boards of directors and executive teams of both PharmaCielo and PharmaCielo Colombia Holdings are comprised of a diversely talented group of international business executives and specialists with relevant and varied expertise. PharmaCielo recognized the significant role that Colombia's ideal location will play in building a sustainable business in the medical cannabis industry, and the company, together with its directors and executives, has built a compelling business plan focused on supplying the international marketplace.

To learn more, please visit: www.pharmacielo.com

Forward Looking statements

This announcement contains forward-looking statements with respect to Creso Pharma and its respective operations, strategy, investments, financial performance and condition. These statements generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations.



The actual results and performance of Creso Pharma could differ materially from those expressed or implied by such statements. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Some important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, competition and government regulation. The cautionary statements qualify all forward-looking statements attributable to Creso Pharma and persons acting on its behalf. Unless otherwise stated, all forward-looking statements speak only as of the date of this announcement and Creso Pharma has no obligation to up-date such statements, except to the extent required by applicable laws.